

## INFORMATION REPORT

CONFIDENTIAL

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SUBJECT Relations between the OeVP and Josef Joham  
of the Creditanstalt-Bankverein

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1. The Austrian People's Party (OeVP) is now having serious difficulty repaying a loan of 2,000,000 schillings which it borrowed from the Creditanstalt-Bankverein some time ago. Meanwhile relations between the OeVP leadership and Josef Joham, Director General of the Creditanstalt-Bankverein have deteriorated, and during recent weeks OeVP leaders, who normally did business with Joham, have turned to his legal adviser, Dr. Kurt Grimm.
2. Some OeVP members believe Joham is disgruntled because the Party failed to appoint him as Minister of Finance. Joham allegedly sought this appointment on condition that supervision of the Creditanstalt be delegated to an Acting Director General until the expiration of his term in office, when he could reassume his post as Director General of the bank.
3. It has been consistently rumored that several OeVP leaders are personally obligated to Joham for private loans from the Creditanstalt-Bankverein.
4. Joham has for some time been engaged in certain currency transactions, allegedly with the full cognizance of the Chancellor and other OeVP members of the cabinet. Some of the proceeds were paid into the OeVP election campaign fund.
5. In these transactions, Joham uses a private courier, exempt from Austrian border controls, to transfer large amounts of currency back and forth between Zurich and Vienna. The purpose of this proceeding is to exploit marginal differences between the free rates of the dollar in Zurich and in Vienna. By keeping a close watch on slight fluctuations in the free rate of the dollar, Joham has been able to clear an average of 7% on each transaction which often takes no longer than a week. The scheme works roughly as follows: When the schillings rise in Zurich, Joham's agent there sells a large amount of schillings which have been smuggled out of Austria by Joham's courier. With the Swiss francs obtained through the sale of the schillings, dollars are then bought in Zurich. As soon as there is a slight rise in the black rate for the dollar in Vienna, the Zurich agent is notified by phone and the dollars are rushed to Vienna by courier and sold there. As soon as conditions are favorable again, the transaction is repeated.

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